

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

American Licorice Co.

Chicago Manufacturing Center

Lean Manufacturing Brings Sweet Success To American Licorice

Client Profile:

American Licorice is a candy manufacturer located in Alsip, Illinois with a satellite plant in California. The company employs less than 500 people.

Situation:

A candy manufacturer in Mexico approached American Licorice with a challenge it couldn't refuse: the Mexican manufacturer claimed it could produce the company's candy for less money than the American plants. Corporate agreed to a trial, and the Mexican plant proved its claim, producing the candy at a significantly lower cost. The results shook the management team in the Alsip and California plants to their core. However, instead of moving production to Mexico, American Licorice decided to pursue a lean manufacturing strategy to cut costs and improve efficiency. The company called South Suburban College (SSC), a partner of the Chicago Manufacturing Center (CMC), a NIST MEP network affiliate, for assistance.

Solution:

SSC staged a one-week lean brainstorming event at the plant. Approximately 12 associates from different company departments attended. The team identified opportunities to eliminate waste in 75 areas of the plant. The handling and rehandling of materials presented a key problem for the plant, as wasted motion carries a considerable cost burden. For example, by moving the packaging machine to the point at which the candy comes off the line, one team leader is now able to handle both the panning and packaging area. By week's end the Alsip plant had reduced enough costs to be able to produce the candy at 50 percent less than the Mexican plant.

In keeping with its lean transformation, American Licorice is now transitioning from a strict line process to a cellular model and supervisors and line leaders are being trained as team leaders. SSC designed a 32-hour block of education and training for these developing leaders. The education package includes training in computer technology. Many of the company's employees had no knowledge of basic computer operation. Now all associates have access to the computer room, digital cameras, laminators, and post work instructions. The information technology team at American Licorice is training trainers so everyone can share the newfound information. All education sessions are done in English or Spanish as some employees become interpreters and trainers. American Licorice is pleased with its lean results, especially as 80 percent of



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the changes came from people and ideas; only 20 percent relied on capital investment.

Results:

Received a 2:1 return on investment for the lean projects.

Increased productivity by an average of 43 percent.

Planning to improve productivity another 30 percent by making a capital investment.

Reduced scrap by 50 percent.

Increased flexibility to improve delivery times.

Leveraged lean to improve customer confidence.

Improved employee morale by providing training to empower decision making capabilities.

Testimonial:

"We couldn't have done this without South Suburban College and the Chicago Manufacturing Center. They have supported us with education and training that have made the difference."

James Marturano, Director, World Class Manufacturing